

AUG 5 1953



## KOEHRING COMPANY

CONSTRUCTION  
EQUIPMENT3026 WEST CONCORDIA AVENUE  
MILWAUKEE 16, WISCONSIN

July 20, 1953

D. M. Waterous, Esq., President,  
Waterous Limited,  
BRANTFORD, Ontario.

Dear Sir:

As you are aware, we have entered into a contract with Harold Fry on behalf of a group of shareholders of Waterous Limited consisting of E. Barker, H. Fry, L. C. Sachs, J. T. Snelling, D. Talbot, H. Thorne, D. M. Waterous, L. M. Collins and D. J. Wilkins (the first seven of whom are seven of the nine directors of Waterous Limited) to purchase their Class "A" and Common shares of Waterous Limited totaling 1,340 Class "A" and 41,821 Common shares at the price of \$14.00 per share on the terms and subject to the conditions set out in the contract. This contract is available for inspection during reasonable business hours by any of the shareholders of Waterous Limited at the office of National Trust Company, Limited, 14 King Street East, Toronto, Ontario. In addition National Trust Company, Limited is sending to all the other shareholders of Waterous Limited an offer made on our behalf to purchase all the balance of the Class "A" and Common shares of Waterous Limited. This latter offer can be accepted by the individual shareholders by deposit of certificates for their shares with National Trust Company, Limited, 14 King Street East, Toronto, Ontario, on or before August 28, 1953, (subject to our right to accept share certificates deposited at a later date as prescribed in the offer) and the obligation to complete the purchase of the shares so deposited is subject to the conditions set out in paragraphs (a) to (d) inclusive of Section 6 of the offer.

It is our intention to cause a company to be incorporated under the laws of Canada with the name Canadian Koehring Co. Ltd. (subject to our being able to obtain such name) which Company will hold the shares of Waterous Limited acquired under the above mentioned contract and the above mentioned offer of National Trust Company, Limited. We propose to purchase for cash and hold all the issued Common shares of this new holding company.

As is indicated in paragraph (c) of Section 6 of the offer of National Trust Company, Limited, Waterous Limited is to sell its Edmonton and Calgary Division and will operate only the business of its Brantford Division. It is our intention that the proceeds of such sale, amounting to \$1,368,000.00 will be invested by Waterous Limited in preferred shares of Canadian Koehring Co. Ltd. proposed to be issued at the time the said sale is closed and having an aggregate par value of \$1,368,000.00. These preferred shares will carry a cumulative preferential dividend at the rate of 5% per annum, will be redeemable at par and accrued dividends and will be entitled on liquidation, etc., to the par value and accrued dividends and will be non-voting except on default in payment of dividends for a period of approximately two years when the shares will carry one vote per share. The preferred shares so acquired by Waterous Limited will be secured by our guarantee to Waterous Limited that the annual dividends thereon will be paid, that the shares will be redeemed or retired or purchased at the par value and accrued dividends within a period of twenty years, that in the event of liquidation of the new holding company Waterous Limited as a preferred shareholder will receive the par value of the preferred shares held by it together with accrued dividends thereon and that so long as any preferred shares are held by Waterous Limited the new holding company will not, except with the consent of Waterous Limited, issue any bonds or debentures or place any charge on its assets (other than any security required by banks for normal bank borrowing) and will not issue any shares ranking prior to or pari passu with these preferred shares.

We believe that we should point out to you that our plans for operation of the Brantford division of Waterous Limited would entail a maximum retention of profits in that company for the next several years.

We would appreciate your cooperation in making this offer on our behalf known to the shareholders of Waterous Limited. You may send them a copy of this letter if you wish to do so.

Yours very truly,

KOEHRING COMPANY  
JULIEN R. STEELMAN,  
President.



